

VZCZCXRO7618
OO RUEHCHI RUEHCN RUEHDT RUEHHM
DE RUEHJA #2974/01 2970646
ZNY CCCCC ZZH
O 240646Z OCT 07
FM AMEMBASSY JAKARTA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 6778
INFO RUEHXS/ASSOCIATION OF SOUTHEAST ASIAN NATIONS PRIORITY
RUEHBY/AMEMBASSY CANBERRA 1421
RUEHKO/AMEMBASSY TOKYO 1003
RUEHWL/AMEMBASSY WELLINGTON 1919
RHEHNSC/NSC WASHDC
RUEAWJA/DEPT OF JUSTICE WASHDC
RUEAIIA/CIA WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

C O N F I D E N T I A L SECTION 01 OF 02 JAKARTA 002974

SIPDIS

AIDAC
SIPDIS

DEPT FOR EAP, EAP/MTS, INR/EAP, INL FOR BOULDIN
DEPT FOR EEB/IFD/OMA
DOJ/OPDAT FOR LEHMANN/ALEXANDRE/BERMAN
SINGAPORE FOR BAKER
TREASURY FOR IA-BAUKOL
DEPT PASS FEDERAL RESERVE SAN FRANCISCO FOR FINEMAN
DEPT PASS EXIM BANK
DEPT PASS USTR FOR DKATZ, RBAE
NSC FOR EPHU

E.O. 12958: DECL: 10/24/2017
TAGS: [PGOV](#) [KJUS](#) [KCOR](#) [KMCA](#) [EAID](#) [ID](#)
SUBJECT: CORRUPTION NEWS -- MAKING STRIDES IN GOI
COORDINATION; SUHARTO-LINKED CASE WINDS ITS WAY

REF: A. JAKARTA 2953
[1](#)B. JAKARTA 2753
[1](#)C. JAKARTA 2525
[1](#)D. JAKARTA 2229
[1](#)E. JAKARTA 1920

Classified By: POL/C Joseph Legend Novak, reasons 1.4(b)(d).

[1](#)1. (C) SUMMARY: In the latest news related to corruption, the GOI continues to make strides in improving inter-agency coordination in anti-corruption cases. In a controversial case, the Supreme Court has overturned convictions against 10 local politicians. A civil case against a Suharto-linked foundation is now back in court. A member of a judicial oversight body continues to claim he was set up despite being caught red-handed accepting a bribe. A former minister--who is also a movie star--is refusing to testify as a witness in a key corruption case, saying he is "on location." END SUMMARY.

MOU ON COORDINATION

[1](#)2. (SBU) The Attorney General, the Chief of the Indonesian National Police and the head of the State Development Finance Board recently announced the signing of an important Memorandum of Understanding related to inter-agency coordination. The MOU is designed to increase substantially coordination on corruption investigations and harmonize perspectives on what constitutes "losses to the state." The move is the latest sign that the GOI is working to ramp up and improve its anti-corruption efforts (ref D). The USG has often urged the Indonesian government to make progress in this key area.

A CONTROVERSIAL RULING

[1](#)3. (SBU) Indonesia's Supreme Court generated a bit of a firestorm recently when it overturned corruption convictions against 10 former members of West Sumatra's Regional Parliament (DPRD). In its decision, the Court ruled that

while the defendants did commit the acts contained in the indictment, those acts were not in fact criminal as they did not cause "losses to the state." (Note: A new draft anti-corruption law now under consideration would broaden the definition of corruption and eliminate the need to prove losses to the state.) The 10 were among a group of 43 West Sumatra parliamentarians convicted of misusing state funds in 2002. In 2005, the Court upheld the convictions of the other 33 suspects.

14. (C) The ruling triggered intense criticism directed at the Court, which had to defend itself from accusations of succumbing to political influence (see ref B). Critics said the decision was a setback in anti-corruption efforts. Theo Sambuaga, the Chief of Commission I dealing with foreign and security affairs, told Pol/C on October 23 that the ruling was "a surprise," but noted that many politicians had been convicted and jailed on corruption charges in recent years, too.

LATEST ON SUHARTO-LINKED CASE

15. (C) In another heavily-scrutinized case, defense attorneys for the Suharto-affiliated Supersemar Foundation rejected prosecutors' accusations that some of the foundation's funds had been misused for corrupt ends. The civil trial brought by the GOI to recover funds allegedly stolen by the foundation from the state had been on hold for almost two months, first for a required mediation period and then for the Idul Fitri holiday marking the end of Ramadan (ref E). Supersemar attorneys argued that the suit was baseless because Suharto had never been convicted of any crime. (Note: The Supreme Court ruled in 2001 that Suharto could

JAKARTA 00002974 002 OF 002

not be brought to trial due to ill health.) Alvin Lie, an MP, told Pol/C in a recent meeting that he had spoken to members of the Suharto family and "they did not seem worried about the Supersemar case, believing it could be strung out for years."

JUDICIAL WATCHDOG CASE

16. (SBU) The investigation continues into a bribery case involving Irawady Joenoes, a member of the Judicial Commission, the GOI's judicial ethics watchdog. In September, officials at the Corruption Eradication Commission caught Joenoes red-handed receiving a bribe involving a land purchase (ref B). In a recent interview with Tempo magazine, Joenoes repeated his claim that he was acting under official orders as part of an internal sting to expose a bribery scheme. The case has seriously embarrassed the Judicial Commission, which was already under criticism for not doing its watchdog work effectively.

"ON LOCATION" AND CAN'T TESTIFY

17. (U) Former State Secretary Yusril Mahendra has refused three requests to testify as a witness in a corruption case involving his former subordinate, Zulkarnain Yunus. Yunus is on trial for alleged irregularities in the 2004 procurement of fingerprinting equipment by the Ministry of Law and Human Rights, which Mahendra headed at that time. Mahendra was dismissed from the Cabinet in May--his position was considered ministerial-level--in part because of corruption allegations. Mahendra, whose new career as a screen star has been well publicized, told the court via his attorney that he could not be present because he is currently shooting on location in China.

HUME